

## OPEN MEETING AGENDA ITEM

# Arizona PIRG

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## Education Fund

Arizona Corporation Commission  
1200 W. Washington St.  
Phoenix, AZ 85007

January 10, 2023

RE: Docket Number G-01551A-21-0368

Dear Chairman O'Connor and Commissioners,

On behalf of the Arizona PIRG (Arizona Public Interest Research Group) Education Fund, I write to urge you to put planning before spending and ratepayers before shareholders as you make decisions in the Southwest Gas rate case.

### ***Planning before Spending***

With many Arizonans needing to pay close attention to their finances, Southwest Gas customers that plan their budgets, particularly for larger expenses, understand the importance of ensuring every dollar is prudently spent. And when it comes to ratepayer dollars, Southwest Gas customers count on you to ensure the utility is similarly spending their money in a reasonable and just manner.

The Arizona PIRG Education Fund doesn't doubt that Southwest Gas conducts a business and budgetary plan, as is customary for entities ranging from Fortune 500 companies to NGOs. However, as an entity that is regulated by elected Commissioners, Southwest Gas ratepayers are entitled to a transparent and robust planning process --- a process that currently exists for electric but not gas utilities.

**In order to protect Southwest Gas ratepayers, we urge the Commission to require Southwest Gas to conduct a stakeholder planning process consisting of diverse participants and providing various scenarios for discussion.** The Arizona PIRG Education Fund is currently involved in related processes for Arizona Public Service and Salt River Project and has largely found the willingness of each to provide assumptions, address questions, and modify scenarios based on stakeholder input valuable to the company, participants, and ultimately relevant policy makers.

**By having the ability to review and provide direction for substantial investments prior to expenditure vs. after the fact and by receiving input not only from the utility but also from engaged stakeholders, the Commission is likely to be better equipped with the necessary information to make decisions in the public interest.**

***Ratepayers before Shareholders***

As you are well aware, Southwest Gas serves both ratepayers and shareholders. While the outcome of this rate case can benefit both, we respectfully request that the votes you cast favor ratepayers over shareholders.

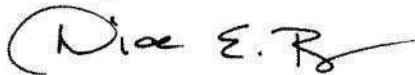
In particular, during public comment this fall, the Arizona PIRG Education Fund noted that according to the Nevada Bureau of Consumer Protection (the customer advocate in Nevada), the return on equity for gas utilities has been decreasing since 2018. When Southwest Gas tried to increase their ROE in Nevada last year, the Nevada PUC said no. The Commission should also say no to any ROE increase, and the Commission should say no to an average rate increase of 7.6%. **Southwest Gas customers should not be paying more in order for Southwest Gas shareholders to be earning more.**

Additionally, **Southwest Gas should not be allowed to continue to seek the “line extension allowance,” a little-known subsidy that forces customers to pick up the tab for developers when they extend new gas lines to their residential and commercial properties.**

Lastly, we encourage the Commission to carefully consider each of the proposed items and their proportional impact on ratepayers and shareholders. For example, Chairman O'Connor's Proposed Amendment 1 pertaining to D&O insurance, Commissioner Marquez Peterson's Proposed Amendment 1 regarding the Board of Directors fee, and Commissioner Myers Proposed Amendment 1 on the Employee Education Assistance Program each offer a reasonable balance in line with recommendations from RUCO.

Thank you for your work.

Sincerely,



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